

December 9, 2002

Winston Hickox, Secretary
California Environmental Protection Agency
1001 I St.
Sacramento, CA 95814

RE: Electronic Waste Forum

Dear Mr. Hickox:

Thank you for convening the November 25 forum on California's e-waste problem. I believe that the event marked something of a turning point in the acknowledgement (at least by some in the technology industry) that something needs to be done.

Clearly we have an obligation to protect public health and the environment from the new and growing threat posed by toxic electronic waste. At the same time, with state and local budgets such as they are, a solution should not place an additional burden on public agencies, state taxpayers or local ratepayers. We believe that it is eminently reasonable for California policymakers to demand that the producers of consumer electronics take responsibility for reducing the environmental impacts posed by their products.

In California alone, it is estimated that more than 10,000 computers and TVs become obsolete every day and only 5 to 15% of the hazardous devices are recycled. The balance are either illegally disposed or stockpiled. According to your CIWMB, there may be more than 6 million obsolete devices currently stockpiled in California homes.

Although computers, including CRTs, are recyclable, the cost of *collection*, transportation, handling, dismantling and processing for recycling can range from \$10 to \$30 or more per unit. Even if recycling levels were to double, the cost of managing California's *current* output of obsolete CRT scrap is likely to range from \$25 to \$42 million or more annually. If we do nothing, this new cost will be borne by taxpayers.

While we are intrigued by elements of the European Union's Waste Electrical and Electronic Equipment (WEEE) Directive, we believe that the elements of a solution for California's e-waste crisis may be more straightforward and be found closer to home.

A successful California e-waste solution should address the following objectives:

- Reduce and ideally eliminate concentrations of hazardous materials in electronic products.
- Design electronic products for extended life, reuse and recycling without compromising performance.
- Develop sustainable markets for reused and recycled electronic product components.
- Put an end to the current illegal disposal of hazardous electronics by increasing safe and legal recovery to upwards of 95%.
- Educate the public on the proper management of obsolete electronic products that contain hazardous materials.

We believe that these objectives can best be achieved through a market-based policy that requires the producers (and ultimately consumers) of these electronics to internalize the environmental impacts of these hazardous products. More than simply a means of financing collection, we believe that an honestly functioning marketplace may be the best tool for reducing the level of hazardous materials and encouraging design for recycling.

We believe that there are two specific approaches to this kind of market-based producer responsibility, and California has some experience with both.

Direct Producer Responsibility. Under this option, manufacturers are responsible for the environmental impacts through the direct recovery and recycling of their products. The recovery is handled either individually by companies or collectively through consortiums set up by participating companies. For many years, beverage producers took direct responsibility for the impact of their containers through the recovery and reuse of refillable beverage containers. In the 1950s and 1960s, more than half of beverage containers sold were in refillable bottles and they were recovered at a better than 90% rate.

Fee-based Producer Responsibility. Under this option, manufacturers are responsible for the environmental impacts through the payment of product specific fees that reflect the net cost of recycling and/or the cost of other environmental impacts. While there are several examples in California of environmental fees to offset impacts, such as the state's tire recycling fee, used motor oil fee, and lead paint fee (see attachment), most incorporate a flat fee approach that simply generate revenue to address the problem, without sending any kind of market signal to manufacturers to reduce the problem. California's only true market-based environmental fee system is the processing fee provisions of the California Beverage Container Recycling Program, in which beverage producers are required to pay a fee on each container sold equal to the average net cost of recycling. Thus fees vary for glass, plastic and bi-metal containers, reflecting the net cost of recycling.

Importantly, these two producer responsibility approaches are not mutually exclusive. For example, during most of the 1990s, California soft drink producers chose to handle their recycling responsibility by establishing a consortium (the PRCC) to providing a market for recycled PET plastic and paying recyclers an artificially high scrap value to fully offset collection and handling costs.

We believe that a similar system represents the best, most cost effective method for addressing California's e-waste problem.

A more in-depth analysis of the questions posed at the forum is attached. California has the unique opportunity to be a leader on this issue and we appreciate your involvement in finding a viable solution.

Sincerely,

Mark Murray
Executive Director